



**U.S. Department of  
Transportation**


Office of the Secretary  
of Transportation

Assistant Secretary  
for Budget and Programs  
and Chief Financial Officer

400 Seventh St., S.W.  
Washington, D.C. 20590

September 23, 2005

MEMORANDUM TO: Chief Financial Officers

FROM: Phyllis F. Scheinberg 

SUBJECT: Hurricane Disaster Guidance

The Department of Transportation (DOT) Chief of Staff and I request that all Operating Administrations (OAs) exercise their utmost diligence in managing and tracking all financial resources used in the Department's response to Hurricanes Katrina and Rita. My Office has been tasked with reporting twice a week to the Secretary and the Deputy Secretary on all obligations and expenses related to these disasters. All OAs must be prepared to provide accurate, current and complete information on the costs of their respective hurricane response and recovery activities. To facilitate this directive, all OAs must adhere to the following guidance:

1. **Stafford Act.** OAs are authorized to provide disaster assistance under the Stafford Act for activities related to Emergency Support Function #1 (as specified in the *National Response Plan*) only when the Federal Emergency Management Agency (FEMA) has issued a "Mission Assignment" (MA) for these activities. When FEMA has issued an MA, the OA will seek reimbursement from FEMA for eligible costs incurred during the course of the mission. MAs are used in place of Reimbursable Agreements with FEMA, but have the same accounting treatment. I recognize that OAs may also receive reimbursement for hurricane-related relief efforts pursuant to reimbursable agreements with other Federal agencies, such as the Department of Defense (DOD) or the State Department.
2. **OA Authorities.** OAs that provide disaster assistance under their own statutory authorities (e.g., the Federal Highway Administration (FHWA) Emergency Relief Program under 23 U.S.C. §140), will not receive MAs from FEMA to conduct activities that are normal eligible program costs that are funded under one of their authorities. However, FEMA may authorize Stafford Act reimbursements through MAs for extraordinary costs that are not considered within the scope of normal program funding (e.g., overtime pay and travel costs that are not otherwise eligible for funding under activation of the Emergency Support Function #1).

3. **Anti-deficiency Act.** I strongly caution you that certain program costs for both Fiscal Years (FY) 2005 and 2006 may not be eligible for FEMA reimbursement and OAs must be prepared to assume these costs. Your diligent attention to this is especially critical because of the lateness in the FY. Each OA must work directly with its legal staff, DOT General Counsel, and Tom Sachs of the Office of Intelligence and Security and Emergency Response (S-60) to determine whether the costs your OA has incurred are eligible for FEMA reimbursement.
4. **Audit Plan.** My Office, working with the OAs and the Inspector General (IG), has developed a Hurricane Stewardship Plan for the Office of Management and Budget (OMB). This Stewardship Plan identifies hurricane relief program areas and transactions, along with the financial risks and control activities the OA is using to mitigate these risks to ensure there is no waste, fraud or abuse of these funds. This plan will be monitored by OST and the IG.
5. **Reporting Financial Activity.** Each OA is responsible for recording and tracking **ALL** transactions related to Hurricanes Katrina and Rita. This includes activities related to the response, clean-up and rebuilding of hurricane affected areas. **By COB on Monday and Thursday of each week beginning on September 26, each OA must submit to my Office an accounting of hurricane activities** with transactions grouped in the four categories listed below:
  - a. Obligations and expenses related to the early response and clean-up paid directly out of your agency appropriations and **not** eligible for reimbursement from FEMA or any other government agency.
  - b. Obligations and expenses related to the early response and clean-up incurred via a MA with FEMA or other reimbursable vehicle from a government agency such as the Defense or State Department.
  - c. Obligations and expenses related to the rebuilding of hurricane affected areas paid directly out of your agency appropriations and **not** eligible for reimbursement from FEMA or other governmental agency.
  - d. Obligations and expense related to the rebuilding of hurricane affected areas incurred via a MA with FEMA or other reimbursable vehicle from a government agency such as DOD or the State Department.

**Note:** OA budget and finance staff need to coordinate with their OA's acquisition Office to ensure that financial reports on hurricane disaster work are accurate and represent **all** the OA's disaster work.

6. **Document Control Number.** When OAs receive MAs from FEMA or otherwise negotiate any Reimbursable Agreements, please ensure that the agency provides a

document control number (DCN) that references the assignment. Having the partner's DCN will greatly expedite the billing and reconciliation process.

7. **Reimbursable Authority.** For expenses that are to be reimbursed by FEMA (or another agency), OAs need to be sure that they have sufficient reimbursable authority already apportioned by OMB. If not, then you must prepare an apportionment request and send to the DOT Budget Office (B-10), who will send it to OMB for clearance. In addition, the type of funds received must match the type of reimbursable authority requested. For example, the emergency funds that were appropriated to FEMA are no-year funds (i.e., available until expended), so the reimbursable authority must be apportioned to a no-year account.
8. **Supplemental Apportionment.** For expenses covered through an enacted supplemental appropriation which may occur in either FY 2005 or FY 2006, the OAs must prepare an apportionment request once the supplemental is enacted and include the funding under Category B. The funds must be tracked in the DOT accounting system and must appear on the SF-133s under Category B.
9. **Accounting String.** Each OA must submit to the Office of Financial Management (B-30) a description of how you are accounting for authorized hurricane funding and how you are tracking all hurricane obligations and expenses. Specifically, we need to know the actual Delphi accounting codes that you are using. As previously advised, we must receive this information today.
10. **Year-end Accruals.** Each OA is required to monitor all financial activities that require accrual of obligations and expenses at year-end, such as travel card and purchase card activities. These costs must be accrued in Delphi prior to your submission of your financial statements to B-30 on October 6.
11. **Management Response Letter.** Each OA is required to include in your Management Representation Letter and as a footnote on your financial statements any estimated costs that are not part of your year-end accrual of hurricane obligations and expenses and that your OA is likely to be spending in response to the hurricanes. B-30 will provide guidance shortly on writing-off equipment lost or severely damaged by the hurricanes.
12. **Payroll Tracking.** The Consolidated Automated System for Time and Labor Entry (CASTLE, our Time and Attendance system) is adding two new codes: optional type "K" to identify all labor costs related to Katrina and "R" to identify all labor costs related to Rita. Each OA must contact the Oklahoma City accounting office to establish Common Accounting Numbers (CANs) associated with Katrina and Rita. We will forward information on how to use the new codes in a separate e-mail message, and further guidance will be provided by B-30 on tracking hurricane related payroll costs.

13. **Financial Audits.** Each financial statement auditor will conduct separate testing on how DOT is managing, tracking and reporting hurricane obligations and expenses during the FY 2005 financial statement audits.
14. **Mission Agreement Workgroup.** B-30 will establish a workgroup to help the OAs reconcile DOT MAs to your OA's reimbursable activities. Each OA engaging in reimbursable activities relating to hurricane work must provide a representative for this workgroup. The group will work to ensure that no agency exceeds authority provided in the MAs, that proper documentation is maintained, and that reimbursements are billed and collected in a timely manner.
15. **Disaster Assets.** Assets purchased with Stafford Act authority are property of the Disaster Relief Fund. OAs cannot keep these assets and must be prepared to return them to FEMA at the proper time.
16. **Travel Cards.** Employees deployed on travel related to Hurricane Katrina are still responsible for timely payment of their travel card balances. Employees should submit travel vouchers every two weeks to ensure proper and timely reimbursement of travel expenses.

The Inspector General will be closely monitoring our management and oversight of these hurricane funds. My staff and I are coordinating this effort with David Litman and the DOT procurement community and with OMB, which is also monitoring to ensure that DOT has effective internal controls in place to prevent waste, fraud and abuse.

Thank you and your agency for your stringent attention to these most vital activities. Please refer any questions to Laurie Howard at (202) 366-2135.

cc: Operating Administrators  
Secretarial Officers  
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